

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1013 - SB 1715

March 28, 2011

SUMMARY OF BILL: Eliminates the Four Lake Regional Industrial Authority (FLRIDA).

ESTIMATED FISCAL IMPACT:

Decrease Federal Expenditures – \$780,700

Decrease Local Revenue - \$780,700

Decrease Local Expenditures – \$185,400

Assumptions:

- FLRIDA serves the counties of Macon, Smith, Sumner, Trousdale, and Wilson.
- The county mayors of each county serve as directors of FLRIDA.
- FLRIDA currently owns and maintains 38 building incubators, 33 of which are located in Trousdale County and 5 of which are located in Smith County.
- According to the FLRIDA 2010 annual report, total revenue generated from incubators, including rent is approximately \$272,957.
- Estimate assumes the revenue per incubator is approximately \$7,183 (\$272,957 / 38). Terminating the FLRIDA will have an unknown effect on the continued ownership, marketing, and maintenance of existing incubators. Estimate assumes that the county in which an incubator is located will assume ownership. Revenue generated by each incubator will be transferred from the FLRIDA to the county assuming ownership of each incubator resulting in a not significant impact to local revenue.
- According to the FLRIDA 2010 annual report, there is a \$2,174,215 fund carry over balance. These funds are dedicated to the improvement and development of a new Spec Building. Estimate assumes all funds will be expended resulting in no significant impact to local government revenue.
- According to the FLRIDA 2010 annual report, the authority received a \$780,663 appropriation of PILOT revenue from the Tennessee Valley Authority. Terminating the FLRIDA will eliminate these payments to local governments decreasing revenue by \$780,663 and decreasing federal expenditures by an equal amount.

- According to the FLRIDA 2010 annual report, the authority received \$887,785 in grants in 2010. It is unknown if these are recurring or one-time awards. Estimate assumes they are one-time awards. As a result, there will not be a significant impact to local government revenue.
- According to the FLRIDA 2010 annual report, total expenditures for staff and equipment is \$185,378. Terminating the FLRIDA will reduce local expenditures by this amount.
- According to the FLRIDA 2010 annual report, the total expenditures for utilities, roads, insurance, and site repairs for existing incubators are \$424,165. These expenditures will be transferred to the counties taking ownership of existing incubators resulting in a not significant impact to local expenditures.
- According to the FLRIDA 2010 annual report, the authority makes an annual loan payment to the United States Department of Agriculture's Rural Development Loan Program of \$149,916. The loan was originally issued in July of 2005 for \$2,015,000. The liability for this loan will be transferred to the five counties participating in the FLRIDA resulting in a not significant impact to local expenditures.
- Counties where no incubators exist will not have a significant impact to revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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